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ABSTRACT

The United States Commissioner of Education opposes tax credit legislation because tax credits are expensive and largely uncontrollable, and the benefits of tax credits are not effectively targeted on the families needing help. Tax credits are also deficient because they ignore the differences in college costs. Administratively, tax credits would increase red tape and lead to bureaucratic duplication. The administration proposes, at the elementary and secondary level, to enforce existing policy that requires needy children to be served, whether they are enrolled in public or nonpublic schools. At the higher education level, a balanced student assistance program is proposed that is directly linked to the needs of students. (Author/MLP)

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Address of

Ernest L. Boyer

United States Commissioner of Education

at a rally of the

National Coalition to Save the Public Schools

Sunday, April 9, 1978

Washington, D.C.

In the current issue of Harper's magazine, Senator Daniel Patrick Moynihan suggests that the tuition tax credit plan he has proposed may well have launched "one of the most important debates on education" in the Nation's history.

I'm convinced that--on this issue--Senator Moynihan is absolutely right.

- o For at the very time when public education desperately needs to be supported--we're confronted with a plan that would direct billions of dollars to students in non-public schools.

- o At a time when thousands of poor students still are underserved--we're being asked to give massive aid to those who need it least.

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- And at a time when there is a new national push for academic excellence--a tax credit plan is introduced which has been described by one magazine as "kissing off the public schools."

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This point should be clearly understood.

- The tuition tax credit scheme is not just one more modest extension of Federal aid to schools.

- It is, in fact,

  - a plan which departs radically from all existing policy.
  - a plan which strikes at the very heart of public education.
  - and a plan which is vigorously opposed by this Administration.

We aggressively oppose tax credits, first, because they are expensive and largely uncontrollable...

- o The Congressional Budget Office estimates that the Vanik Bill (HR 1176) would cost $1.2 billion, and

- o The Packwood Moynihan Bill (S 3946) $4.4 billion in its first full year of operation.

And I'm convinced this huge price tag is only the beginning.

Once the basic tax credit package is approved, I can well imagine a campaign to raise the tax credit ceiling--every year--based on escalating costs.

--the schools, in turn, could raise their tuition, in response to each new tax initiative.

And rather than close the tuition gap this program could, in fact, be an open invitation to endless escalation as tax credits and tuition push each other upward in a spiral.

Further, since tax credits are "lost income" rather than a direct appropriation, they would be largely hidden in the budget, not having to compete each year with other programs.

Even so, a multibillion tax credit program would be extremely costly. As "lost" revenue, it would have dramatic impact on the budget and it could, in turn, force tradeoffs and undermine existing programs which serve disadvantaged students.

II

We also oppose tax credits because the benefits are not effectively targeted on the families needing help.

> Under the proposed plan, affluent students would get the same tax break as students who are very poor, and it's been estimated that twenty percent of all tax credit help would go to families with earnings over $30,000.

Meanwhile, many low- and middle-income students won't begin to get the kind of help they need, especially in higher education. Tuition costs have now reached $5,000 at some institutions, and students--especially from low-income families--urgently need significant financial help when they enroll each fall, rather than a modest tax credit in the spring.

Tax credits also are deficient because they ignore the differences in college costs. A student who attends a low cost institution would get the same tax break as one who goes to a high priced campus and has a much larger tuition bill to pay.

The proposed tax credit plan would, in short, spread $4 billion across the total private school population while ignoring the differences in school and college costs and differences in the student's ability to pay.

A massive amount of money would be invested but for the individual student there would be very little in return.

Fourth, we oppose tax credits for still another reason. We're convinced that this plan would in fact turn Federal education policy upside down and drive a wedge between public and private institutions.

Historically, Federal aid to education has focused--not on schools but on needy students--the disadvantaged, the handicapped, minorities, migrants, the bilingual, and Indian children. With few exceptions the laws make clear that these programs must serve children in both public and non-public institutions.

Unhappily, the tuition tax credit plan ignores all this and proposes to turn public education policy on its head.

Tax credits would in fact provide a kind of general aid to children--not because they're needy but because they go to non-public schools.

Meanwhile, except for impact aid perhaps, public school support would continue to be targeted, focusing not on the institution but on special groups of children.

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Even more topsy-turvy is the fact that under the tax credit plan non-public school children would get more than twice as much help from Washington as would children in the public schools.

This cluttered and contradictory public policy--which draws a brittle line between public and non-public schools--would be enormously divisive. For the first time in our Nation's history the policy to help needy children would be challenged, as general aid would go to all children in non-public schools.

I'm convinced the short fuse of an explosive tension would be ignited at the very time cooperation has been building.

IV

Further, we oppose tax credits because they would increase red tape and lead to bureaucratic duplication.

Administratively, the tax credit plan would not be as simple as it sounds. Another layer of bureaucracy would be spawned and one more agency--The Treasury Department--would now get involved in aid to schools. Duplicate regulation and surveillance mechanisms would inevitably result.

Consider just one specific problem. The proposed legislation quite rightly declares that tax credits would not be available to children attending segregated schools. But what's left unanswered is just how such a requirement is to be enforced. Standards of institutional eligibility would have to be established, and new monitoring procedures would be introduced--duplicating perhaps existing HEW functions.

Also, the question of constitutionality cannot be ignored. Ultimately, of course,such issues are decided in the courts, but we have today a long history of judicial rulings about aid--even indirect aid--to non-public schools. Most recently, Attorney General Bell advised that he believed the tax credit was unconstitutional as it applies to elementary and secondary schools--a view shared by many scholars.

V

But beyond these arguments against tuition tax credits--beyond these arguments of

- o cost
- o equity
- o effectiveness
- o divisiveness and
- o constitutionality--

there remains a philosophical case against the tuition tax credit plan.

Senator Moynihan argues in his well-written Harper's article that existing Federal policy is destructive to non-public education.

He says that--

> "The National Government feigns neutrality, but in fact it is anything but neutral.... For governments inherently, routinely, automatically favor creatures of governments. They know no other way. They recognize the legitimacy of no other institutions."
>
> "The conquest (emphasis mine) of the private sector," he went on to say, "is well achieved."

It is my own conviction--and it is a crucial point to stress--that while government does have a profound and central obligation to support public education to assure universal access in this nation

- this does not mean hostility to non-public schools
- nor does it mean that Federal policy necessarily must contribute "to the decay of non-public education."

Further, it is incorrect to characterize Federal education policy as one of "favoritism" to the public schools. If "favoritism" is the word, then Federal policy might more appropriately be described as one which

--"favors" a disadvantaged child in Portland or in Atlanta or in Milwaukee,

--"favors" a handicapped child on Staten Island,

--"favors" an Indian child in Oklahoma,

--"favors" a migrant student who is moved endlessly from school to school.

The policy of Congress has been to favor the historically by-passed students who have special needs and who require special help whether they enroll in public or non-public schools.

IV

This Administration is deeply committed to help non-public education. We believe that public policy should strengthen rather than diminish these essential institutions.

But the help we give must be fiscally, administratively, and constitutionally acceptable, and we're convinced our current program will meet these crucial tests.

At the elementary and secondary level, we propose vigorously to enforce existing policy, which requires that eligible Title I, handicapped, and all other needy children--

identified by legislation--will be served, whether they are enrolled in public or non-public schools.

- o During the past twelve months the Office of Education has approved more by-pass provisions to serve non-public school children than had been approved during the past twelve years.

- o The elementary and secondary legislation that this Administration has proposed specifically requires States to include non-public school children in their planning.

- o And we are strengthening the Office of Education administratively to see to it that these promises to non-public education will be delivered.

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At the higher education level, our commitment to aid non-public institutions has been equally dramatic. We've proposed a balanced student assistance program, one which is directly linked to the needs of students.

- We propose a grant program for low and middle income students and we're asking for a $1 billion increase in student grants, extending the eligibility to families earning up to $25,000.

- We propose full funding of the work-study program, which permits middle income students to help work their way through college.

- We propose a loan program for upper income families. The Guaranteed Loan has been generously extended, to reach--for the first time--families with incomes up to $45,000.

And, incidentally, for many higher income families, liquidity is often the critical problem in meeting college costs. For these families a $2,500 loan will go a lot further than a $250 tax credit.

With these three programs--grants, loans and work study--almost every student in this country can in fact meet the costs of higher education.

Today, 90% of all our children--that's 45 million students--are enrolled in public institutions. And we must be as concerned about the quality of these schools

- o as we are about the quality of our streams and rivers,
- o and the quality of the air we breathe.

If America is to remain strong and vigorous, we must reaffirm our commitment to public education. We must support our public institutions and push aggressively for excellence while at the same time respecting and enriching the Nation's private colleges and schools.

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This is the policy to which the Carter Administration is committed.

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